

# **Kinh Do Corporation**

Separate financial statements

31 December 2014

# Kinh Do Corporation

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# Kinh Do Corporation

## GENERAL INFORMATION

### THE COMPANY

Kinh Do Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate ("BRC") No. 4103001184 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 6 September 2002 and the following amended Business Registration Certificates:

<u>Amended BRCs:</u>	<u>Date:</u>
<i>No. 4103001184</i>	
The first amendment	26 November 2002
The second amendment	22 September 2003
The third amendment	11 December 2003
The fourth amendment	3 August 2004
The fifth amendment	7 October 2004
The sixth amendment	11 May 2005
The seventh amendment	18 May 2006
The eighth amendment	6 July 2006
The ninth amendment	6 November 2007
The tenth amendment	10 October 2008
<i>No. 0302705302</i>	
The eleventh amendment	21 January 2010
The twelfth amendment	1 November 2010
The thirteenth amendment	26 March 2011
The fourteenth amendment	2 March 2012
The fifteenth amendment	23 November 2012
The sixteenth amendment	21 March 2013
The seventeenth amendment	2 April 2013
The eighteenth amendment	18 November 2013
The nineteenth amendment	26 February 2015

The Company's shares were listed on the Ho Chi Minh Stock Exchange in accordance with the License No. 39/UBCK-GPNY issued by the State Securities Commission on 18 November 2005.

The principal activities of the Company are to process agricultural products and foods; produce confectionery, purified water, and fruit juice; sell and purchase agricultural products and foods, industrial products, and fabric.

The Company's head office of the Company is located at 138 - 142 Hai Ba Trung, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam.

### BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Mr Tran Kim Thanh	Chairman
Mr Tran Le Nguyen	Vice Chairman
Mr Wang Ching Hua	Member
Ms Vuong Buu Linh	Member
Ms Vuong Ngoc Xiem	Member
Mr Tran Quoc Nguyen	Member
Mr Nguyen Van Thuan	Member
Mr Nguyen Gia Huy Chuong	Member
Mr Nguyen Duc Tri	Member

# Kinh Do Corporation

## GENERAL INFORMATION (continued)

### BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Mr Le Cao Thuan	Head of the Board of Supervision
Ms Luong My Duyen	Member
Mr Vo Long Nguyen	Member

### MANAGEMENT

Members of the management during the year and at the date of this report are:

Mr Tran Le Nguyen	General Director	
Ms Vuong Buu Linh	Deputy General Director	
Ms Vuong Ngoc Xiem	Deputy General Director	
Mr Wang Ching Hua	Deputy General Director	
Mr Nguyen Xuan Luan	Deputy General Director	
Mr Mai Xuan Tram	Deputy General Director	
Mr Bui Thanh Tung	Deputy General Director	
Mr Tran Quoc Nguyen	Deputy General Director	
Mr Tran Quoc Viet	Deputy General Director	
Mr Tran Tien Hoang	Deputy General Director	
Mr Kelly Yin Hon Wong	Deputy General Director	
Mr Ma Thanh Danh	Deputy General Director	
Ms Nguyen Thi Xuan Lieu	Deputy General Director	appointed on 12 December 2014

### LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr Tran Kim Thanh. Mr Tran Le Nguyen is authorized by Mr Tran Kim Thanh to sign the separate financial statements for the year ended 31 December 2014.

### AUDITORS

The auditor of the Company is Ernst & Young Vietnam Limited.

# Kinh Do Corporation

## REPORT OF MANAGEMENT

Management of Kinh Do Corporation ("the Company") is pleased to present its report and the separate financial statements of the Company for the year ended 31 December 2014.

### MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE SEPARATE FINANCIAL STATEMENTS

Management is responsible for the separate financial statements of each financial year which give a true and fair view of the separate financial position of the Company and of the separate results of its operations and its separate cash flows for the year. In preparing those separate financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the separate financial statements; and
- prepare the separate financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the separate financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying separate financial statements.

### STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of the Company as at 31 December 2014 and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to the preparation and presentation of the separate financial statements.

Users of the separate financial statements should read them together with the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 December 2014 in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as a whole.

For and on behalf of management:

  
  
Tran Le Nguyen  
General Director

26 March 2015



Building a better  
working world

Ernst & Young Vietnam Limited  
28th Floor, Bitexco Financial Tower  
2 Hai Trieu Street, District 1  
Ho Chi Minh City, S.R. of Vietnam

Tel: +84 8 3824 5252  
Fax: +84 8 3824 5250  
ey.com

Reference: 60752643/16998143

## INDEPENDENT AUDITOR'S REPORT

**To: The Shareholders of Kinh Do Corporation**

We have audited the accompanying separate financial statements of Kinh Do Corporation ("the Company") as prepared on 26 March 2015 and set out on pages 6 to 43 which comprise the separate balance sheet as at 31 December 2014, the separate income statement and separate cash flow statement for the year then ended and the separate notes thereto.

### *Management's responsibility*

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of separate financial statements, and for such internal control as management determines is necessary to enable the preparation and presentation of separate financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the separate financial statements give a true and fair view, in all material respects, of the separate financial position of the Company as at 31 December 2014, and of the separate results of its operations and its separate cash flows for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of separate financial statements.

**Emphasis of matter**

We draw attention to Note 2.1 to the separate financial statements which states that the Company is the parent company of the subsidiaries and that consolidated financial statements of the Company and its subsidiaries ("the Group") prepared in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements have been issued separately. We have audited the consolidated financial statements of the Group for the year ended 31 December 2014 and expressed an unqualified opinion thereon in our report dated 26 March 2015.



Ernest Yoong Chin Kang  
Deputy General Director  
Audit Practicing Registration Certificate  
No. 1891-2013-004-1



Doan Thi Thu Thuy  
Auditor  
Audit Practicing Registration Certificate  
No. 1070-2013-004-1

Ho Chi Minh City, Vietnam

26 March 2015

## Kinh Do Corporation

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SEPARATE BALANCE SHEET  
as at 31 December 2014

VND

Code	ASSETS	Notes	Ending balance	Beginning balance
<b>100</b>	<b>A. CURRENT ASSETS</b>		<b>3,635,551,693,815</b>	<b>2,664,514,937,500</b>
<b>110</b>	<b>I. Cash and cash equivalents</b>	<b>4</b>	<b>2,187,452,484,159</b>	<b>1,779,052,664,793</b>
111	1. Cash		403,170,484,159	139,842,664,793
112	2. Cash equivalents		1,784,282,000,000	1,639,210,000,000
<b>120</b>	<b>II. Short-term investments</b>	<b>10.1</b>	<b>700,001,268,800</b>	<b>35,701,268,800</b>
121	1. Short-term investments		708,004,526,063	43,704,526,063
129	2. Provision for short-term investments		(8,003,257,263)	(8,003,257,263)
<b>130</b>	<b>III. Current accounts receivable</b>	<b>5</b>	<b>717,070,871,841</b>	<b>772,036,641,465</b>
131	1. Trade receivables		151,270,120,713	141,602,368,312
132	2. Advances to suppliers		27,469,581,172	33,757,030,307
135	3. Other receivables		541,364,943,169	598,499,759,339
139	4. Provision for doubtful debts		(3,033,773,213)	(1,822,516,493)
<b>140</b>	<b>IV. Inventories</b>	<b>6</b>	<b>13,452,740,885</b>	<b>62,883,833,714</b>
141	1. Inventories		13,709,377,365	63,899,779,578
149	2. Provision for obsolete inventories		(256,636,480)	(1,015,945,864)
<b>150</b>	<b>V. Other current assets</b>		<b>17,574,328,130</b>	<b>14,840,528,728</b>
151	1. Short-term prepaid expenses		4,832,282,926	4,153,910,152
152	2. Value-added tax deductible		11,392,501,955	5,481,670,976
154	3. Tax and other receivables from the State		82,115,905	542,147,268
158	4. Other current assets		1,267,427,344	4,662,800,332
<b>200</b>	<b>B. NON-CURRENT ASSETS</b>		<b>3,582,862,584,860</b>	<b>3,019,758,524,959</b>
<b>220</b>	<b>I. Fixed assets</b>		<b>72,555,952,947</b>	<b>79,512,715,119</b>
221	1. Tangible fixed assets	<b>7</b>	39,312,909,466	49,198,868,311
222	Cost		62,750,616,006	110,014,855,595
223	Accumulated depreciation		(23,437,706,540)	(60,815,987,284)
227	2. Intangible assets	<b>8</b>	23,882,604,751	27,876,766,415
228	Cost		35,333,059,141	38,771,220,148
229	Accumulated amortization		(11,450,454,390)	(10,894,453,733)
230	3. Construction in progress	<b>9</b>	9,360,438,730	2,437,080,393
<b>250</b>	<b>II. Long-term investments</b>	<b>10.2</b>	<b>3,467,872,279,984</b>	<b>2,897,326,685,000</b>
251	1. Investments in subsidiaries		1,987,726,680,000	1,625,226,685,000
252	2. Investments in associates and jointly controlled entity		1,471,505,599,984	1,257,100,000,000
258	3. Other long-term investments		8,640,000,000	15,000,000,000
<b>260</b>	<b>III. Other long-term assets</b>		<b>42,434,351,929</b>	<b>42,919,124,840</b>
261	1. Long-term prepaid expenses		7,712,613,588	3,110,221,897
262	2. Deferred tax assets	<b>23.3</b>	22,015,399,381	27,144,816,823
268	3. Other long-term assets		12,706,338,960	12,664,086,120
<b>270</b>	<b>TOTAL ASSETS</b>		<b>7,218,414,278,675</b>	<b>5,684,273,462,459</b>



SEPARATE BALANCE SHEET (continued)  
as at 31 December 2014

VND

Code	RESOURCES	Notes	Ending balance	Beginning balance
<b>300</b>	<b>A. LIABILITIES</b>		<b>1,203,146,349,154</b>	<b>994,756,614,379</b>
<b>310</b>	<b>i. Current liabilities</b>		<b>1,189,753,464,502</b>	<b>852,315,367,004</b>
311	1. Short-term loans	11	326,230,000,000	200,676,363,712
312	2. Trade payables	12	242,340,233,615	264,297,771,106
313	3. Advances from customers	13	5,950,630,170	115,227,670,304
314	4. Statutory obligations	14	7,217,249,969	8,815,070,971
315	5. Payables to employees		18,094,319,326	13,704,921,740
316	6. Accrued expenses	15	125,264,623,644	108,917,066,555
319	7. Other payables	16	435,905,752,102	111,396,227,185
323	8. Bonus and welfare fund		28,750,655,676	29,280,275,431
<b>330</b>	<b>ii. Non-current liabilities</b>		<b>13,392,884,652</b>	<b>142,441,247,375</b>
333	1. Other long-term liabilities		13,392,884,652	24,095,792,943
334	2. Long-term loans		-	118,345,454,432
<b>400</b>	<b>B. OWNERS' EQUITY</b>		<b>6,015,267,929,521</b>	<b>4,689,516,848,080</b>
<b>410</b>	<b>i. Capital</b>	<b>17.1</b>	<b>6,015,267,929,521</b>	<b>4,689,516,848,080</b>
411	1. Issued share capital		2,566,533,970,000	1,676,282,700,000
412	2. Share premium		3,192,083,261,700	2,262,097,888,288
414	3. Treasury shares		(805,820,383,200)	(152,620,395,200)
417	4. Investment and development fund		25,370,280,515	25,370,280,515
418	5. Financial reserve fund		25,792,635,752	25,792,635,752
419	6. Other funds belonging to owners' equity		16,135,952,841	16,135,952,841
420	7. Undistributed earnings		995,172,211,913	836,457,785,884
<b>440</b>	<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>7,218,414,278,675</b>	<b>5,684,273,462,459</b>

## OFF BALANCE SHEET ITEM

ITEM	Ending balance	Beginning balance
Foreign currency - United States dollar (USD)	2,528,834	1,304,152



Tran Minh Nguyet  
Preparer



Nguyen Thi Oanh  
Chief Accountant



Tran Le Nguyen  
General Director

SEPARATE INCOME STATEMENT  
for the year ended 31 December 2014

VND

Code	ITEMS	Notes	Current year	Previous year
01	1. Revenue from sale of goods	18.1	2,794,011,536,985	2,675,905,519,627
02	2. Deductions	18.1	(82,181,849,885)	(64,656,119,121)
10	3. Net revenue from sale of goods	18.1	2,711,829,687,100	2,611,249,400,506
11	4. Cost of goods sold	19	(2,251,182,080,745)	(2,203,987,735,471)
20	5. Gross profit from sale of goods		460,647,606,355	407,261,665,035
21	6. Finance income	18.2	676,079,432,934	851,550,331,235
22	7. Finance expenses	20	(20,952,391,156)	(43,104,321,908)
23	<i>In which: Interest expense</i>		(17,429,016,433)	(18,620,279,999)
24	8. Selling expenses		(385,695,494,477)	(307,531,249,684)
25	9. General and administration expenses		(196,508,489,446)	(196,364,001,436)
30	10. Operating profit		533,570,664,210	711,812,423,242
31	11. Other income	22	53,091,546,534	77,951,297,865
32	12. Other expenses	22	(19,271,212,768)	(8,427,091,298)
40	13. Other profit	22	33,820,333,766	69,524,206,567
50	14. Profit before tax		567,390,997,976	781,336,629,809
51	15. Current corporate income tax expense	23.1	(9,871,126,505)	(27,080,803,313)
52	16. Deferred tax expense	23.1	(5,129,417,442)	(7,430,051,544)
60	17. Net profit after tax		552,390,454,029	746,825,774,952


Tran Minh Nguyet  
Preparer

Nguyen Thi Oanh  
Chief Accountant

Tran Le Nguyen  
General Director

SEPARATE CASH FLOW STATEMENT  
for the year ended 31 December 2014

VND

Code	ITEMS	Notes	Current year	Previous year
	<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>01</b>	<b>Profit before tax</b>		<b>567,390,997,976</b>	<b>781,336,629,809</b>
	<i>Adjustments for:</i>			
02	Depreciation and amortization	7, 8	13,749,943,213	14,003,833,597
03	Provisions		451,947,336	(14,174,269,236)
04	Unrealized foreign exchange losses	20	273,883,339	890,863,563
05	Profits from investing activities		(680,493,807,580)	(844,014,447,640)
06	Interest expense	20	17,429,016,433	18,620,279,999
<b>08</b>	<b>Operating loss before changes in working capital</b>		<b>(81,198,019,283)</b>	<b>(43,337,109,908)</b>
09	Decrease in receivables		18,114,537,171	272,857,718,137
10	Decrease (increase) in inventories		50,190,402,213	(1,224,048,626)
11	Increase in payables		802,217,955,592	156,913,229,050
12	(Increase) decrease in prepaid expenses		(5,280,764,465)	3,572,789,333
13	Interest paid		(17,836,791,522)	(18,360,289,171)
14	Corporate income tax paid	23.2	(12,219,949,353)	(31,489,044,715)
16	Other cash outflows for operating activities		(15,520,872,595)	(23,703,292,930)
<b>20</b>	<b>Net cash flows from operating activities</b>		<b>738,466,497,758</b>	<b>315,229,951,170</b>
	<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
21	Purchase and construction of fixed assets		(21,507,463,791)	(9,733,573,872)
22	Proceeds from disposals of fixed assets		17,864,559,217	2,207,794,545
23	Loans to other entities		(286,000,000,000)	(2,410,000,000,000)
24	Collections from borrowers		321,700,000,000	2,591,919,036,288
25	Cash used for term bank deposit and payments for investments in other entities		(2,284,294,168,077)	(1,000,000,000)
26	Proceeds from sale of investments in other entities		703,468,965,000	33,032,431,000
27	Dividends and interest received		484,291,461,568	669,639,275,187
<b>30</b>	<b>Net cash flows (used in) from investing activities</b>		<b>(1,064,476,646,083)</b>	<b>876,064,963,148</b>

SEPARATE CASH FLOW STATEMENT (continued)  
for the year ended 31 December 2014

VND


Code	ITEMS	Notes	Current year	Previous year
	<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
31	Issuance of shares		1,820,236,643,412	84,486,000,000
32	Capital redemption		(483,843,631,000)	-
33	Borrowings received		276,460,000,000	696,317,984,321
34	Borrowings repaid		(500,141,976,291)	(518,252,808,649)
36	Dividends paid	17.4	(378,608,409,200)	(330,860,875,080)
<b>40</b>	<b>Net cash flows from (used in) financing activities</b>		<b>734,102,626,921</b>	<b>(68,309,699,408)</b>
<b>50</b>	<b>Net increase in cash and cash equivalents</b>		<b>408,092,478,596</b>	<b>1,122,985,214,910</b>
<b>60</b>	<b>Cash and cash equivalents at beginning of year</b>	4	<b>1,779,052,664,793</b>	<b>656,000,970,002</b>
<b>61</b>	<b>Impact of exchange rate fluctuation</b>		<b>307,340,770</b>	<b>66,479,881</b>
<b>70</b>	<b>Cash and cash equivalents at end of year</b>	4	<b>2,187,452,484,159</b>	<b>1,779,052,664,793</b>



Tran Minh Nguyet  
Preparer



Nguyen Thi Oanh  
Chief Accountant



Tran Le Nguyen  
General Director



26 March 2015

NOTES TO THE SEPARATE FINANCIAL STATEMENTS  
as at and for the year ended 31 December 2014

**1. CORPORATE INFORMATION**

Kinh Do Corporation ("the Company") is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the Business Registration Certificate ("BRC") No. 4103001184 issued by the Department of Planning and Investment ("DPI") of Ho Chi Minh City on 6 September 2002 and the following amended BRC:

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The Company's shares were listed on the Ho Chi Minh Stock Exchange in accordance with the License No. 39/UBCK-GPNY issued by the State Securities Commission on 18 November 2005.

The principal activities of the Company are to process agricultural products and foods; produce confectionery, purified water, and fruit juice; sell and purchase agricultural products and foods, industrial products, and fabric.

The registered head office of the Company is located at 138 - 142 Hai Ba Trung, Da Kao Ward, District 1, Ho Chi Minh City, Vietnam.

The number of the Company's employees as at 31 December 2014 was 1,301 (31 December 2013: 1,059).

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

## **2. BASIS OF PREPARATION**

### **2.1 *Accounting standards and system***

The separate financial statements of the Company, expressed in Vietnam dong ("VND"), are prepared in accordance with Vietnamese Enterprise Accounting System and Vietnamese Accounting Standards issued by the Ministry of Finance as per the:

- Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 1);
- Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 2);
- Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 3);
- Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Accounting Standards (Series 4); and
- Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Accounting Standards (Series 5).

Accordingly, the accompanying separate balance sheet, separate income statement, separate cash flow statement and separate related notes, including their utilisation are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the separate financial position and separate results of operations and separate cash flows in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

The Company is the parent company with subsidiaries listed in Note 10 (together known as "the Group") and the consolidated financial statements of the Group prepared in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of consolidated financial statements have been issued separately.

Users of the separate financial statements should read them together with the consolidated financial statements of the Group for the year ended 31 December 2014 in order to obtain full information on the consolidated financial position, consolidated results of operations and consolidated cash flows of the Group as a whole.

### **2.2 *Applied accounting documentation system***

The Company's applied accounting documentation system is the General Journal system.

### **2.3 *Fiscal year***

The Company's fiscal year applicable for the preparation of its separate financial statements starts on 1 January and ends on 31 December.

### **2.4 *Accounting currency***

The separate financial statements are prepared in VND which is also the Company's accounting currency.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash in banks, cash in transit and short-term, highly liquid investments with an original maturity of less than three months that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

#### 3.2 *Inventories*

Inventories are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realizable value.

Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs to complete and the estimated costs necessary to make the sale.

The perpetual method is used to record inventories mainly including raw materials and goods for resale which are valued as the cost of purchase on a weighted average basis.

##### *Provision for obsolete inventories*

An inventory provision is created for the estimated loss arising due to the impairment (through diminution, damage, obsolescence, etc.) of raw materials, merchandise goods, and other inventories owned by the Company, based on appropriate evidence of impairment available at the balance sheet date.

Increases and decreases to the provision balance are recorded into the cost of goods sold account in the separate income statement.

#### 3.3 *Receivables*

Receivables are presented in the separate financial statements at the carrying amounts due from customers and other debtors, after provision for doubtful debts.

The provision for doubtful debts represents amounts of outstanding receivables at the balance sheet date which are doubtful of being recovered. Increases and decreases to the provision balance are recorded as general and administrative expense in the separate income statement.

#### 3.4 *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation.

The cost of a tangible fixed asset comprises its purchase price and any directly attributable costs of bringing the tangible fixed asset to working condition for its intended use.

Expenditures for additions, improvements and renewals are added to the carrying amount of the assets and expenditures for maintenance and repairs are charged to the separate income statement as incurred.

When tangible fixed assets are sold or retired, their cost and accumulated depreciation are removed from the separate balance sheet and any gain or loss resulting from their disposal is included in the separate income statement.

#### 3.5 *Intangible assets*

Intangible assets are stated at cost less accumulated amortization.

The cost of an intangible asset comprises its purchase price and any directly attributable costs of preparing the intangible asset for its intended use.

Expenditures for additions, improvements are added to the carrying amount of the assets and other expenditures are charged to the separate income statement as incurred.

When intangible assets are sold or retired, their costs and accumulated amortization are removed from the separate balance sheet and any gain or loss resulting from their disposal

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.6 Depreciation and amortization**

Depreciation of tangible fixed assets and amortization of intangible assets are calculated on a straight-line basis over the estimated useful life of each asset as follows:

Buildings and structures	10 years
Machinery and equipment	5 - 10 years
Means of transportation	6 - 10 years
Office equipment	3 - 5 years
Computer software	3 years

The useful life of the fixed assets and depreciation and amortization rates are reviewed periodically to ensure that the method and the period of the depreciation and amortization are consistent with the expected pattern of economic benefits that will be derived from the use of fixed assets.

**3.7 Construction in progress**

Construction in progress represents tangible fixed assets under construction and is stated at cost. This includes costs of construction, installation of equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operation.

**3.8 Borrowing costs**

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds and are recorded as expense during the year in which they are incurred.

**3.9 Prepaid expenses**

Prepaid expenses are reported as short-term or long-term prepaid expenses on the separate balance sheet and amortized over the period for which the amounts are paid or the period in which economic benefits are generated in relation to these expenses.

**3.10 Investment in subsidiaries**

Investments in subsidiaries over which the Company has control are carried at cost. Distributions from accumulated net profits of the subsidiaries arising subsequent to the date of acquisition are recognised in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.

**3.11 Investment in associates and jointly controlled entity**

Investments in associates over which the Company has significant influence are carried at cost.

Distributions from the accumulated net profits of the associates or jointly controlled entity arising subsequent to the date of acquisition by the Company are recognized as income in the separate income statement. Distributions from sources other than from such profits are considered a recovery of investment and are deducted to the cost of the investment.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.12 *Investments in securities and other investments***

Investments in securities and other investments are stated at their acquisition costs.

Provision is made for any diminution in value of the investments at the balance sheet date in accordance with the guidance under Circular No. 228/2009/TT-BTC dated 7 December 2009 and Circular No. 89/2013/TT-BTC dated 28 June 2013 issued by the Ministry of Finance. Increases and decreases to the provision balance are recorded as finance expense in the separate income statement.

**3.13 *Payables and accruals***

Payables and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.

**3.14 *Accrual for severance pay***

The severance pay to employee is accrued at the end of each reporting year for all employees who have been being in service up to 31 December 2008 at the rate of one-half of the average monthly salary for each year of service up to 31 December 2008 in accordance with the Labour Code, the Law on Social Insurance and related implementing guidance. The average monthly salary used in this calculation will be revised at the end of each reporting year following the average monthly salary of the 6-month period up to the reporting date. Any increase or decrease to the accrued amount will be taken to the separate income statement.

This accrued severance pay is used to settle the termination allowance to be paid to employee upon termination of their labour contract following Article 48 of the Labour Code.

**3.15 *Foreign currency transactions***

Transactions in currencies other than the Company's reporting currency of VND are recorded at the exchange rates ruling at the date of the transaction. At the end of the year, monetary assets and liabilities denominated in foreign currencies are translated at buying exchange rate announced by the commercial bank where the Company maintains bank accounts ruling at the balance sheet date. All realized and unrealized foreign exchange differences are taken to the separate income statement.

**3.16 *Treasury shares***

Own equity instruments which are reacquired by the Company (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss upon purchase, sale, re-issue or cancellation of the Company's own equity instruments.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.17 Appropriation of net profits**

Net profit after tax (excluding unrealized exchange gains as at the balance sheet date) is available for appropriation to shareholders after approval in the shareholders' meeting, and after making appropriation to reserve funds in accordance with the Company's Charter and Vietnamese regulatory requirements.

The Company maintains the following reserve funds which are appropriated from the Company's net profit after tax as proposed by the Board of Directors and subject to approval by shareholders at the Annual General Meeting:

*Financial reserve fund*

This fund is set aside to protect the Company's normal operations from business risks or losses, or to prepare for unforeseen losses or damages for objective reasons and force majeure, such as fire, economic and financial turmoil of the country or elsewhere.

*Investment and development fund*

This fund is set aside for use in the Company's expansion of its operation or of in-depth investment.

*Bonus and welfare fund*

This fund is set aside for the purpose of pecuniary rewarding and encouragement, common benefits and improvement of the employees' benefits, and presented as a liability on the separate balance sheet.

*Dividends*

Final dividends proposed by the Company's Board of Directors are classified as a separate allocation of undistributed earnings within the equity section of the separate balance sheet, until they have been approved by the Company's shareholders at the Annual General Meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability in the separate balance sheet.

**3.18 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding trade discount, rebate and sales return. The following specific recognition criteria must also be met before revenue is recognised:

*Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon the delivery of the goods.

*Interest*

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

*Dividends*

Revenue is recognised when the Company is entitled to receive dividends.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.19 Taxation**

*Current income tax*

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

*Deferred tax*

Deferred tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purpose.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax credit and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carried forward unused tax credit and unused tax losses can be utilised, except:

- where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Previously unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date.

Deferred tax is charged or credited to the separate income statement, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in equity account.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxable entity on either the same taxable entity or when the Company intends to either settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3.20 Financial instruments**

*Financial instruments - Initial recognition and presentation*

**Financial assets**

Financial assets within the scope of Circular No. 210 /2009/TT-BTC dated 6 November 2009 issued by the Ministry of Finance providing guidance for the adoption in Vietnam of the International Financial Reporting Standards on presentation and disclosures of financial instruments ("Circular 210") are classified, for disclosures in the notes to the separate financial statements, as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables or available-for-sale financial assets as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at cost, plus directly attributable transaction costs.

The Company's financial assets include cash and short-term deposits, trade and other receivables, loan receivables and short-term and long-term investments.

**Financial liabilities**

Financial liabilities within the scope of Circular 210 are classified, for disclosures in the notes to the separate financial statements, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at cost, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and debts.

*Financial instruments - Subsequent re-measurement*

No subsequent re-measurement of financial instruments is currently required.

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount reported in the separate balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

**4. CASH AND CASH EQUIVALENTS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Cash on hand	62,369,668	18,681,665
Cash in banks	401,577,114,491	138,971,828,967
Cash in transit	1,531,000,000	852,154,161
Cash equivalents	1,784,282,000,000	1,639,210,000,000
<b>TOTAL</b>	<b><u>2,187,452,484,159</u></b>	<b><u>1,779,052,664,793</u></b>

Cash equivalents represent term deposits at the commercial banks with the original maturity of less than three months and earn the interest at the rates ranging from 5% to 5.5% p.a.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**5. CURRENT ACCOUNTS RECEIVABLE**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Trade receivables	151,270,120,713	141,602,368,312
<i>In which:</i>		
<i>Due from related parties (Note 24)</i>	90,050,824,055	42,988,148,572
<i>Due from unrelated parties</i>	61,219,296,658	98,614,219,740
Advances to suppliers	27,469,581,172	33,757,030,307
<i>In which:</i>		
<i>Due from a related party (Note 24)</i>	5,000,000,000	135,831,871
<i>Due from unrelated parties</i>	22,469,581,172	33,621,198,436
Other receivables	541,364,943,169	598,499,759,339
<i>In which:</i>		
<i>Due from related parties (Note 24)</i>	7,156,521,210	402,113,142,260
<i>Advance for investment in Vocarimex (*)</i>	467,750,573,417	30,941,621,645
<i>Advance for restructuring consulting services</i>	29,604,096,321	-
<i>Interest receivable</i>	28,713,004,976	3,023,356,389
<i>Receivables from the sale of investments</i>	1,783,258,020	156,776,698,020
<i>Others</i>	6,357,489,225	5,644,941,025
Provision for doubtful debts	<u>(3,033,773,213)</u>	<u>(1,822,516,493)</u>
<b>NET</b>	<b><u>717,070,871,841</u></b>	<b><u>772,036,641,465</u></b>

(\*) In accordance with the Extraordinary General Meeting Resolution dated 1 December 2014, the Company's shareholders approved a plan for purchasing shares to increase the Company's ownership rate in Vietnam Vegetable Oils Industry Corporation ("Vocarimex") up to more than 51%. The ending balance represents the advances made for the said additional purchases.

***Details of movement of provision for doubtful debts***

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	1,822,516,493	64,220,956
Provision created during the year	3,033,773,213	1,822,516,493
Reversal of provision during the year	<u>(1,822,516,493)</u>	<u>(64,220,956)</u>
<b>Ending balance</b>	<b><u>3,033,773,213</u></b>	<b><u>1,822,516,493</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

6. INVENTORIES

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Merchandise goods	1,257,942,580	47,137,629,426
Tools and supplies	1,479,414,914	3,315,080,141
Goods in transit	3,050,187,875	4,967,794,800
Goods on consignment	7,921,831,996	8,479,275,211
<b>TOTAL</b>	<b>13,709,377,365</b>	<b>63,899,779,578</b>
Provision for obsolete inventories	(256,636,480)	(1,015,945,864)
<b>NET</b>	<b>13,452,740,885</b>	<b>62,883,833,714</b>

*Details of movement of provision for obsolete inventories*

	VND	
	<i>Current year</i>	<i>Previous year</i>
Beginning balance	1,015,945,864	1,616,334,324
Provision created during the year	256,636,480	1,015,945,864
Reversal of provision during the year	(1,015,945,864)	(1,616,334,324)
<b>Ending balance</b>	<b>256,636,480</b>	<b>1,015,945,864</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

## 7. TANGIBLE FIXED ASSETS

	Buildings and structures	Machinery and equipment	Means of transportation	Office equipment	VND Total
<b>Cost</b>					
Beginning balance	2,830,588,944	789,587,669	69,395,032,721	36,999,646,261	110,014,855,595
Additions	-	-	12,324,745,454	4,648,523,636	16,973,269,090
Disposal	-	(286,782,694)	(26,788,892,579)	(37,161,833,406)	(64,237,508,679)
Ending balance	2,830,588,944	502,804,975	54,930,885,596	4,486,336,491	62,750,616,006
<i>In which:</i>					
Fully depreciated	-	176,200,000	7,670,928,508	1,105,085,582	8,952,214,090
<b>Accumulated depreciation</b>					
Beginning balance	967,117,889	654,492,255	33,880,130,198	25,314,246,942	60,815,987,284
Depreciation for the year	283,058,894	50,458,844	6,591,372,406	3,533,437,568	10,458,327,712
Disposal	-	(286,782,694)	(20,043,926,846)	(27,505,898,916)	(47,836,608,456)
Ending balance	1,250,176,783	418,168,405	20,427,575,758	1,341,785,594	23,437,706,540
<b>Net carrying amount</b>					
Beginning balance	1,863,471,055	135,095,414	35,514,902,523	11,685,399,319	49,198,868,311
Ending balance	1,580,412,161	84,636,570	34,503,309,838	3,144,550,897	39,312,909,466

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**8. INTANGIBLE ASSETS**

	VND
	<i>Computer software</i>
<b>Cost</b>	
Beginning balance	38,771,220,148
Additions	457,000,000
Disposal	<u>(3,895,161,007)</u>
Ending balance	<u>35,333,059,141</u>
<i>In which:</i>	
Fully amortized	30,900,000
<b>Accumulated amortization</b>	
Beginning balance	10,894,453,733
Amortization for the year	3,291,615,501
Disposal	<u>(2,735,614,844)</u>
Ending balance	<u>11,450,454,390</u>
<b>Net carrying amount</b>	
Beginning balance	<u>27,876,766,415</u>
Ending balance	<u>23,882,604,751</u>

**9. CONSTRUCTION IN PROGRESS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Software development	<u>9,360,438,730</u>	<u>2,437,080,393</u>

**10. INVESTMENTS****10.1. Short-term investments**

	<u>Ending balance</u>		<u>Beginning balance</u>	
	Quantity	Value VND	Quantity	Value VND
<b>Marketable securities, net</b>		<b>1,268,800</b>		<b>1,268,800</b>
Short-term securities	89	4,526,063	89	4,526,063
Provision for diminution in value of securities		(3,257,263)		(3,257,263)
<b>Other short-term investments, net</b>		<b>700,000,000,000</b>		<b>35,700,000,000</b>
Short-term deposit in Vietnam Prosperity Joint Stock Commercial Bank (i)		700,000,000,000		-
Other short-term investments		8,000,000,000		43,700,000,000
Provision for other short-term investments		<u>(8,000,000,000)</u>		<u>(8,000,000,000)</u>
<b>NET</b>		<u><b>700,001,268,800</b></u>		<u><b>35,701,268,800</b></u>

(i) The Company used this short-term deposit to mortgage and pledge for the loans from



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

10. INVESTMENTS (continued)

10.2. Long-term investments

	Ending balance	Beginning balance
Investments in subsidiaries (i)	1,987,726,680,000	1,625,226,685,000
Investments in associates and a jointly controlled entity (ii)	1,471,505,599,984	1,257,100,000,000
Other long-term investments - Fund Certificate of Viet Capital Healthcare Fund	8,640,000,000	15,000,000,000
<b>TOTAL</b>	<b>3,467,872,279,984</b>	<b>2,897,326,685,000</b>

(i) Investments in subsidiaries

Name of subsidiaries	Ending balance		Beginning balance	
	Cost of investment	%	Cost of investment	%
	VND	interest	VND	interest
Kinh Do Binh Duong Corporation ("KDBD")	1,255,125,520,000	99.92	560,950,000,000	99.80
Tan An Phuoc Company Limited	362,500,000,000	80.00	-	-
Kido Corporation ("Kido")	247,559,771,500	100.00	247,559,771,500	100.00
Vinabico Confectionery Joint Stock Company ("Vinabico")	122,541,388,500	100.00	122,541,388,500	100.00
North Kinh Do One Member Company Limited ("NKD")	-	-	694,175,525,000	100.00
<b>TOTAL</b>	<b>1,987,726,680,000</b>		<b>1,625,226,685,000</b>	

KDBD is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 4603000129 issued by the DPI of Binh Duong Province on 13 October 2004. Its principal activities are to process agricultural products and foods, produce confectionery, purified water, and fruit juice, and sell and purchase agricultural products and foods, industrial products and fabric.

On 15 October 2014, KDBD issued 69,417,552 shares to the Company at the price per share of VND 10,000 in exchange for the Company's entire investments in NKD. As a result, NKD becomes a subsidiary owned fully by KDBD.

Kido is currently a one member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 4103001557 issued by the DPI of Ho Chi Minh City on 14 April 2003 and the subsequent amended BRCs. Its principal activities are to produce and trade all kinds of food and drink products such as ice, ice cream, milk and other dairy products.

Vinabico was a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 4103001904 issued by the DPI of Ho Chi Minh City on 3 November 2003. Its principal activities are to manufacture and trade confectionery and purified water. As at the date of this report, Vinabico has been ceased as a legal entity and its operations have been merged as an independent branch of the Company. This restructuring plan was approved by the DPI of Ho Chi Minh City through the issuance of the nineteenth amended BRC on 26 February 2015.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

10. INVESTMENTS (continued)

10.2. Long-term investments (continued)

(i) Investments in subsidiaries (continued)

Tan An Phuoc Company Limited ("TAP") is a limited liability company with two and more members incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0309403269 issued by the DPI of Ho Chi Minh City on 24 September 2009. Its principal activities are to operate in real estate industry. On 31 December 2014, the Company acquired additional 31% equity interest of TAP which made its investment in TAP increased from 49% to 80% accordingly.

NKD is currently a one member limited liability company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0900178525 issued by the DPI of Hung Yen Province on 25 January 2011, as amended. Its principal activities are to produce and process food stuffs, including a various range of high-grade cookies, to trade food and food stuffs, various types of beverages and liquors as well as cigarettes produced in Vietnam, and to lease a factory.

On 15 October 2014, the Company transferred its entire equity interest in NKD in exchange for the increase in its investments in KDBD. As a result, NKD becomes a subsidiary of KDBD and the Company indirectly owns NKD's equity interests through KDBD.

(ii) Investments in associates and jointly controlled entity

Name of associates and jointly controlled entity	Ending balance		Beginning balance	
	Cost of investment	Interest	Cost of investment	Interest
	VND	%	VND	%
Lavenue Investment Corporation ("Lavenue")	1,050,000,000,000	50	1,050,000,000,000	50
Vocarimex	421,505,599,984	24	-	-
TAP	-	-	205,300,000,000	49
Thanh Thai Real Estate Corporation	-	-	1,800,000,000	30
<b>TOTAL</b>	<b>1,471,505,599,984</b>		<b>1,257,100,000,000</b>	

Lavenue is a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0310306044 issued by the DPI of Ho Chi Minh City on 10 September 2010. Its principal activities are to operate in the real estate industry.

On 25 July 2014, the Company acquired 24% equity interests of Vocarimex, originally a State-owned enterprise established pursuant to the Decision No. 452/CN-TCLD dated 6 June 1992 issued by the Ministry of Industry (i.e. currently known as Ministry of Industry and Trade), is currently a shareholding company incorporated under the Law on Enterprise of Vietnam pursuant to the BRC No. 0300585984 issued by the DPI of Ho Chi Minh City on 31 December 2014. Its principal activities are to produce and trade all kinds of vegetable and animal oils and fats, essential oils, aromas, cosmetics, toiletries, coconut shell charcoal and products from oil plants.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**11. SHORT-TERM LOANS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Short-term loans	326,230,000,000	106,000,000,000
Current portion of long-term loans	-	94,676,363,712
<b>TOTAL</b>	<b><u>326,230,000,000</u></b>	<b><u>200,676,363,712</u></b>

The Company has obtained unsecured loans from bank and related parties to finance its working capital requirements. The ending balance is as follows:

<i>Name of lenders</i>	<i>Ending balance</i>	<i>Term</i>	<i>Interest rate</i>
	VND		% p.a.
Vietnam International Bank	60,000,000,000	6 months from drawdown date	5.5%
Taipei Fubon Commercial Bank Co., Ltd.	106,230,000,000	6 months from drawdown date	3.0%
Vinabico	70,000,000,000	12 months from drawdown date	7.0%
NKD	90,000,000,000	12 months from drawdown date	7.0%
<b>TOTAL</b>	<b><u>326,230,000,000</u></b>		

**12. TRADE PAYABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Due to related parties (Note 24)	208,595,461,182	230,422,074,052
Due to unrelated parties	33,744,772,433	33,875,697,054
<b>TOTAL</b>	<b><u>242,340,233,615</u></b>	<b><u>264,297,771,106</u></b>

**13. ADVANCES FROM CUSTOMERS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Advances from a related party (Note 24)	1,077,693,303	105,128,944,148
Advances from unrelated parties	4,872,936,867	10,098,726,156
<b>TOTAL</b>	<b><u>5,950,630,170</u></b>	<b><u>115,227,670,304</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**14. STATUTORY OBLIGATIONS**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Corporate income tax (Note 23.2)	4,721,240,021	7,070,062,869
Personal income tax	2,496,009,948	1,745,008,102
<b>TOTAL</b>	<b><u>7,217,249,969</u></b>	<b><u>8,815,070,971</u></b>

**15. ACCRUED EXPENSES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Marketing expenses	38,937,920,841	25,851,187,450
Tax on changing the using purpose of land	34,594,000,000	34,594,000,000
Transportation fees	19,019,689,546	11,035,573,991
Sales discounts	15,019,625,647	14,149,903,124
13 <sup>th</sup> month salary and bonus	10,375,380,715	18,429,352,451
Others	7,318,006,895	4,857,049,539
<b>TOTAL</b>	<b><u>125,264,623,644</u></b>	<b><u>108,917,066,555</u></b>

**16. OTHER PAYABLES**

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Due to related parties (Note 24)	260,442,754,193	100,114,468,680
Payables for purchase of treasury shares	169,356,357,000	-
Dividends payable	1,833,174,080	1,669,555,280
Deposits received	1,282,218,796	1,977,218,796
Others	2,991,248,033	7,634,984,429
<b>TOTAL</b>	<b><u>435,905,752,102</u></b>	<b><u>111,396,227,185</u></b>

TES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
t and for the year ended 31 December 2014

**OWNERS' EQUITY**

*Increase and decrease in owners' equity*

	Share capital	Share premium	Treasury shares	Investment and development fund	Financial reserve fund	Other funds belonging to owners' equity	Undistributed earnings	Total
<b>Previous year</b>								VND
Beginning balance	1,599,216,250,000	2,199,781,329,788	(152,620,395,200)	25,370,280,515	25,792,635,752	16,135,952,841	441,495,343,932	4,145,171,397,628
Issuance of new shares issued to employees	66,010,000,000	31,686,000,000	-	-	-	-	-	97,696,000,000
Issuance of new shares for business combination	11,056,450,000	40,630,558,500	-	-	-	-	-	51,687,008,500
Net profit for the year	-	-	-	-	-	-	746,825,774,952	746,825,774,952
Dividends declared	-	-	-	-	-	-	(331,166,383,000)	(331,166,383,000)
Transferred to funds	-	-	-	-	-	-	(13,668,000,000)	(13,668,000,000)
Board of Directors' allowance	-	-	-	-	-	-	(7,028,950,000)	(7,028,950,000)
<b>Ending balance</b>	<b>1,676,282,700,000</b>	<b>2,262,097,888,288</b>	<b>(152,620,395,200)</b>	<b>25,370,280,515</b>	<b>25,792,635,752</b>	<b>16,135,952,841</b>	<b>836,457,785,884</b>	<b>4,689,516,848,080</b>
<b>Current year</b>								
Beginning balance	1,676,282,700,000	2,262,097,888,288	(152,620,395,200)	25,370,280,515	25,792,635,752	16,135,952,841	836,457,785,884	4,689,516,848,080
Issuance of bonus shares for strategic investors	65,000,000,000	52,000,000,000	-	-	-	-	-	117,000,000,000
Issuance of bonus shares for existing shareholders	400,000,000,000	1,303,236,643,412	-	-	-	-	-	1,703,236,643,412
Purchase of treasury shares (*)	425,251,270,000	(425,251,270,000)	(653,199,988,000)	-	-	-	-	(653,199,988,000)
Net profit for the year	-	-	-	-	-	-	552,390,454,029	552,390,454,029
Dividends declared	-	-	-	-	-	-	(378,772,028,000)	(378,772,028,000)
Transferred to funds	-	-	-	-	-	-	(9,976,000,000)	(9,976,000,000)
Board of Directors' allowance	-	-	-	-	-	-	(4,928,000,000)	(4,928,000,000)
<b>Ending balance</b>	<b>2,566,533,970,000</b>	<b>3,192,083,261,700</b>	<b>(805,820,383,200)</b>	<b>25,370,280,515</b>	<b>25,792,635,752</b>	<b>16,135,952,841</b>	<b>995,172,211,913</b>	<b>6,015,267,929,521</b>

(\*) In accordance with the Extraordinary General Meeting Resolution dated 1 December 2014, the Company's shareholders approved a plan for purchase of treasury shares up to 30% of the Company's issued ordinary shares. On 31 December 2014, the Company completed purchase of 6,574,292 treasury shares amounting to VND 483,843,631,000 and was in the process of completing an order to purchase of 3,401,660 treasury shares amounting to VND 169,356,357,000.

Subsequent to the balance sheet date, the Company also completed another purchase of 20,000,000 treasury shares amounting to VND 1,000,860,000 and it submitted the Report of Treasury Shares Purchasing Result to the State of Security Committee.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**17. OWNERS' EQUITY** (continued)

**17.2 Capital transactions with owners and distribution of dividends and profits**

	VND	
	Current year	Previous year
<b>Contributed capital</b>		
Beginning balance	1,676,282,700,000	1,599,216,250,000
Increase	<u>890,251,270,000</u>	<u>77,066,450,000</u>
Ending balance	<u><b>2,566,533,970,000</b></u>	<u><b>1,676,282,700,000</b></u>

**17.3 Shares**

	Share	
	Current year	Previous year
Ordinary shares authorized to be issued	256,653,397	167,628,270
Ordinary shares issued and fully paid	256,653,397	167,628,270
Treasury shares held by the Company	(11,468,287)	(1,492,256)
Outstanding ordinary shares	245,185,110	166,136,014

**17.4 Dividends**

	VND	
	Current year	Previous year
<b>Dividends declared during the year</b>	<b>378,772,028,000</b>	<b>331,166,383,000</b>
<i>Final dividends for 2013: VND 2,000 per share (2012: VND 2,000 per share)</i>	<i>378,772,028,000</i>	<i>331,166,383,000</i>
<b>Dividends paid during the year</b>	<b>378,608,409,200</b>	<b>330,860,875,080</b>

In accordance with the 2015 Extraordinary General Meeting ("EGM") Resolution dated 12 March 2015, the Company's shareholders approved a plan to declare the 2014 dividends for existing shareholders at 200% of par value, which is VND 20,000 per share. At the date of these separate financial statements, the Board of Director is in process of implementing the said plan.

**18. REVENUES**

**18.1 Revenue from sale of goods**

	VND	
	Current year	Previous year
<b>Gross revenue</b>	<b>2,794,011,536,985</b>	<b>2,675,905,519,627</b>
<i>Of which:</i>		
<i>Sale of merchandise goods</i>	<i>2,794,011,536,985</i>	<i>2,675,905,519,627</i>
<b>Less</b>	<b>(82,181,849,885)</b>	<b>(64,656,119,121)</b>
<i>Sales returns</i>	<i>(40,375,998,636)</i>	<i>(35,601,545,591)</i>
<i>Trade discounts</i>	<u><i>(41,805,851,249)</i></u>	<u><i>(29,054,573,530)</i></u>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

18. REVENUE (continued)

18.2 Finance income

	VND	
	Current year	Previous year
Dividends income	539,200,063,200	772,571,988,485
Interest income	133,481,724,202	76,549,023,697
Realized foreign exchange gains	2,257,645,532	860,098,659
Gains from disposal of investments	1,140,000,000	1,569,220,394
<b>TOTAL</b>	<b><u>676,079,432,934</u></b>	<b><u>851,550,331,235</u></b>

19. COST OF GOODS SOLD

	VND	
	Current year	Previous year
Cost of merchandise goods	2,250,268,711,137	2,196,666,441,659
Cost of destroyed goods	1,672,678,992	7,921,682,272
Reversal of provision for obsolete inventories	(759,309,384)	(600,388,460)
<b>TOTAL</b>	<b><u>2,251,182,080,745</u></b>	<b><u>2,203,987,735,471</u></b>

20. FINANCE EXPENSES

	VND	
	Current year	Previous year
Loan interests	17,429,016,433	18,620,279,999
Realized foreign exchange losses	3,093,070,474	649,601,512
Unrealized foreign exchange losses	273,883,339	890,863,563
Others	156,420,910	22,943,576,834
<b>TOTAL</b>	<b><u>20,952,391,156</u></b>	<b><u>43,104,321,908</u></b>

21. PRODUCTION AND OPERATING COSTS

	VND	
	Current year	Previous year
Cost of merchandise goods	2,251,941,390,129	2,204,588,123,931
Labor costs	197,303,802,409	158,145,591,448
Depreciation and amortization	13,554,780,713	13,808,671,097
External services	229,859,991,556	211,851,307,059
Other expenses	140,726,099,861	119,489,293,056
<b>TOTAL</b>	<b><u>2,833,386,064,668</u></b>	<b><u>2,707,882,986,591</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**22. OTHER INCOME AND EXPENSES**

	VND	
	<i>Current year</i>	<i>Previous year</i>
<b>Other income</b>	<b>53,091,546,534</b>	<b>77,951,297,865</b>
Proceeds on disposal of fixed assets	24,232,466,564	2,207,794,545
Management fees charged to related parties	11,180,000,000	67,080,000,000
Rental income	10,704,239,767	-
Others	6,974,840,203	8,663,503,320
<b>Other expenses</b>	<b>(19,271,212,768)</b>	<b>(8,427,091,298)</b>
Expenses on disposal of fixed assets	(17,560,446,386)	(894,890,509)
Others	(1,710,766,382)	(7,532,200,789)
<b>NET</b>	<b><u>33,820,333,766</u></b>	<b><u>69,524,206,567</u></b>

**23. CORPORATE INCOME TAX**

For the year 2014, the Company has the obligation to pay corporate income tax ("CIT") of 22% of taxable profits (2013: 25%).

The tax returns filed by the Company are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the separate financial statements could be changed at a later date upon final determination by the tax authorities.

**23.1 CIT expense**

	VND	
	<i>Current year</i>	<i>Previous year</i>
Current tax expense	9,871,126,505	27,080,803,313
Deferred tax expense	5,129,417,442	7,430,051,544
<b>TOTAL</b>	<b><u>15,000,543,947</u></b>	<b><u>34,510,854,857</u></b>

**23.2 Current tax**

The current tax payable is based on taxable profit for the current year. Taxable profit differs from profit as reported in the separate income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**23. CORPORATE INCOME TAX** (continued)

**23.2 Current tax** (continued)

A reconciliation between taxable profit and accounting profit as reported in the separate income statement is presented below:

	<i>VND</i>	
	<i>Current year</i>	<i>Previous year</i>
<b>Accounting profit before tax</b>	<b>567,390,997,976</b>	<b>781,336,629,809</b>
<b>Adjustments:</b>		
Payments not related to taxable income	28,126,157,987	42,771,024,260
Depreciation of fixed assets exceeded	2,046,269,289	1,814,320,955
Penalty	434,166,920	1,342,902,318
Advertising expenses in excess of 15% cap	-	52,766,056,630
Provision for loans to related parties	-	(12,500,000,000)
Provision for investment diminution	-	8,000,000,000
Unrealized gain on foreign exchange differences	(328,368,777)	2,889,901,209
Provision for obsolete inventories	(759,309,384)	(600,388,460)
Allocation of prepaid expenses exceeded	(2,082,800,000)	4,165,600,000
Accrued expenses	(9,442,147,377)	(17,925,825,836)
Severance allowance	(10,702,908,291)	1,056,770,631
Dividends received	(539,200,063,200)	(772,571,988,485)
<b>Estimated current taxable profit</b>	<b>35,481,995,143</b>	<b>92,545,003,031</b>
<b>Estimated current CIT expense</b>	<b>7,806,038,931</b>	<b>23,136,250,758</b>
Under-accrued CIT in previous years	2,065,087,574	3,944,552,555
<b>Total current CIT expense</b>	<b>9,871,126,505</b>	<b>27,080,803,313</b>
CIT payable at beginning of year	7,070,062,869	11,478,304,271
CIT paid during the year	(12,219,949,353)	(31,489,044,715)
<b>CIT payable at end of year</b>	<b>4,721,240,021</b>	<b>7,070,062,869</b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**23. CORPORATE INCOME TAX (continued)**

**23.3 Deferred tax**

The Company recognized deferred tax as at the balance sheet date as follows:

	<i>Separate balance sheet</i>		<i>Separate income statement</i>		<i>VND</i>
	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Current year</i>	<i>Previous year</i>	
Accrued expenses	16,881,177,818	18,958,450,241	(2,077,272,423)	(7,066,699,673)	
Severance allowance	2,946,434,623	5,301,074,447	(2,354,639,824)	(458,681,131)	
Provision for loans to related parties	1,760,000,000	1,760,000,000	-	1,760,000,000	
Provision for investment diminution	-	-	-	(3,125,000,000)	
Provision for obsolete inventories	56,460,026	223,508,090	(167,048,064)	(180,575,491)	
Unrealized on foreign exchange differences	(86,889,086)	(14,647,955)	(72,241,131)	724,472,751	
Allocation of prepaid expenses exceeded	458,216,000	916,432,000	(458,216,000)	916,432,000	
<b>TOTAL</b>	<b>22,015,399,381</b>	<b>27,144,816,823</b>	<b>(5,129,417,442)</b>	<b>(7,430,051,544)</b>	

**24. TRANSACTIONS WITH RELATED PARTIES**

Related parties transactions include all transactions undertaken with other companies to which the Company is related, either through the investor/investee relationship or because they share a common investor and thus are considered to be a part of the same corporate group.

Significant transactions with related parties during the year were as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND Amount</i>
KDBD	Subsidiary	Purchase of finished goods	(1,933,525,616,871)
		Dividends	619,074,145,184
		Sale of raw and packing materials, tools and supplies	105,141,835,179
		Trademark licence fees paid on behalf	51,235,085,093
		Purchase of raw and packing materials	36,446,147,116
		Proceeds on disposal of fixed assets	22,416,787,113
		Sale of merchandises	12,866,133,784
		Management fees	3,200,000,000
		Rental and maintenance fees	527,912,000

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**24. TRANSACTIONS WITH RELATED PARTIES** (continued)

Significant transactions with related parties during the year were as follows: (continued)

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND Amount</i>
Vinabico	Subsidiary	Loan borrowed	(64,000,000,000)
		Purchase of finished goods	(24,546,414,018)
		Loan interest	(1,401,333,334)
		Management fees	240,000,000
Kinh Do Saigon Bakery Joint Stock Corporation	Related party	Sale of merchandises	25,784,989,038
NKD	Subsidiary	Sale of merchandises	163,868,936,376
		Loan repaid	100,000,000,000
		Loan borrowed	(90,000,000,000)
		Dividends	80,000,000,000
		Sale of raw and packing materials, tools and supplies	62,216,639,225
		Trademark licence fees paid on behalf	42,579,460,999
		Purchase of finished goods	(15,288,606,253)
		Loan interest payable	(6,117,222,222)
		Management fees	4,640,000,000
		Rental and maintenance fees	1,563,062,036
		Proceeds on disposal of fixed assets	406,588,541
		Kinh Do Investment Co., Ltd. ("KDI")	Related party
Short-term loan to	(286,000,000,000)		
Trademark licence fees	8,475,713,297		
Loan interest receivable	3,983,388,889		
Kido	Subsidiary	Trademark licence fees paid on behalf	20,488,593,613
		Rental fees	6,980,783,040
		Management fees	3,100,000,000
		Sale of merchandises	898,758,317
		Rental and maintenance fees	673,709,664
Kido Food One Member Company Limited	Subsidiary	Sale of merchandises	26,293,527,440
Hung Vuong Corporation	Related party	Loan collection	35,700,000,000
		Loan interest receivable	966,875,000
Tong Yuan Co., Ltd.	Related party	Purchase of packaging materials	(21,890,539,078)
Kinh Do Land Corporation	Related party	Rental fees	2,227,272,727

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

24. **TRANSACTIONS WITH RELATED PARTIES** (continued)

Remuneration to members of the Board of Directors, management and the Board of Supervision during the year was as follows:

	<i>Current year</i>	<i>VND Previous year</i>
<i>Board of Directors</i>		
Allowance and bonus	9,856,000,000	6,908,950,000
<i>Management</i>		
Salaries and bonus	16,640,152,500	14,465,350,000
<i>Board of Supervision</i>		
Allowance and bonus	<u>120,000,000</u>	<u>120,000,000</u>
<b>TOTAL</b>	<b><u>26,616,152,500</u></b>	<b><u>21,494,300,000</u></b>

Amounts due to related parties at the balance sheet date, other than the investments and short-term loan disclosed in Notes 10 and 11, were as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND Receivable</i>
<b>Trade receivables</b>			
KDBD	Subsidiary	Sale of merchandises	45,706,820,495
Kido Food One Member Company Limited	Subsidiary	Sale of merchandises	28,922,860,753
Kinh Do Saigon Bakery Joint Stock Corporation	Related party	Sale of merchandises, materials, tools and supplies	13,868,435,725
Kinh Do Land Corporation	Related party	Sale of merchandises	1,475,506,794
Kido	Subsidiary	Sale of merchandises	<u>77,200,288</u>
			<b><u>90,050,824,055</u></b>
<b>Advance to suppliers</b>			
KDI	Related party	Trademark licence fees	<u>5,000,000,000</u>
<b>Other receivables</b>			
KDBD	Subsidiary	Sales of fixed assets	6,367,907,347
NKD	Subsidiary	Payment on behalf	489,297,247
TAP	Subsidiary	Payment on behalf	297,866,616
KDI	Related party	Payment on behalf	<u>1,450,000</u>
			<b><u>7,156,521,210</u></b>

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**24. TRANSACTIONS WITH RELATED PARTIES (continued)**

Amounts due from related parties at the balance sheet date, other than the investments and short-term loan disclosed in Notes 10 and 11, were as follows:

<i>Related party</i>	<i>Relationship</i>	<i>Transaction</i>	<i>VND Payable</i>
<b><i>Trade payables</i></b>			
KDBD	Subsidiary	Purchase of finished goods	(190,176,770,779)
NKD	Subsidiary	Purchase of finished goods	(17,317,659,867)
Tong Yuan Co., Ltd.	Related party	Purchase of packaging	(817,016,512)
Kinh Do Saigon Bakery Joint Stock Corporation	Related party	Purchase of finished goods	(224,169,003)
Kido	Subsidiary	Purchase of finished goods	(59,845,021)
			<u><b>(208,595,461,182)</b></u>
<b><i>Advance from customer</i></b>			
NKD	Subsidiary	Sale of merchandises	<u>(1,077,693,303)</u>
<b><i>Other payables</i></b>			
KDBD	Subsidiary	Advance received	(159,876,145,184)
TAP	Subsidiary	Capital holding on behalf	(100,000,000,000)
NKD	Subsidiary	Payment on behalf	(566,609,009)
			<u><b>(260,442,754,193)</b></u>

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has loan, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Company does not hold or issue derivative financial instruments.

The Company is exposed to market risk, credit risk and liquidity risk.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Management reviews and agrees policies for managing each of these risks which are summarized below:

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
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25. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (continued)

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans, deposits and available-for-sale investments.

The sensitivity analyses in the following sections relate to the position as at the balance sheet date.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant.

In calculating the sensitivity analyses, management assumed that the separate balance sheet relates to financial instrument; the sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at the balance sheet date.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rate relates primarily to the Company's cash and short-term deposits. These investments are mainly short term in nature and they are not held for speculative purposes.

The Company manages interest rate risk by looking at the competitive structure of the market to obtain rates which are favorable for its purposes within its risk management limits.

*Interest rate sensitivity*

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans, cash and term bank deposits.

With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate loans, cash and term bank deposits as follows:

	<i>Increase/decrease in basis points</i>	<i>Effect on profit before tax</i>
		VND
<b>Current year</b>		
US\$	+200	(1,050,047,772)
VND	+100	26,137,248,727
US\$	-200	1,050,047,772
VND	-100	(26,137,248,727)
<b>Previous year</b>		
US\$	+200	(981,208,287)
VND	+100	15,090,912,610
US\$	-200	981,208,287
VND	-100	(15,090,912,610)

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

***Market risk*** (continued)

*Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities.

The Company is not exposed to foreign currency risk as most of the Company's operating activities, which are relating to purchases and sales of goods, are denominated in the Company's accounting currency of VND. In addition, the Company does not employ any derivative financial instruments to hedge its foreign currency exposure.

*Equity price risk*

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainty about future values of the investment securities. The Company manages equity price risk by placing a limit on equity investments. The Company's Board of Directors reviews and approves all equity investment decisions.

At the balance sheet date, the Company is not exposed to significant equity securities price risk.

***Commodity price risk***

The Company is exposed to commodity price risk in relation to purchase of certain commodities. The Company manages its commodity price risk by keeping close watch on relevant information and situation of commodity market in order to properly manage timing of purchases, production plans and inventories level. The Company does not employ any derivative financial instruments to hedge its commodity price risk.

***Credit risk***

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks, short-term investments, foreign exchange transactions and other financial instruments.

*Trade receivables*

Customer credit risk is managed by the Company based on its established policy, procedures and control to minimize credit risk at an acceptable level. In view of the aforementioned and the fact that the Company's trade receivables relate to a large number of diversified customers, the management evaluates that there is no significant concentration of credit risk.

*Bank deposits*

The Company's bank balances are mainly maintained with well-known banks in Vietnam. Credit risk from balances with banks is managed by the Company's treasury department in accordance with the Company's policy. The Company's maximum exposure to credit risk for the components of the separate balance sheet at each reporting dates are the carrying amounts. The management evaluates the concentration of credit risk in respect to bank deposit as low.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**Credit risk (continued)**

*Other financial instruments*

Except for the financial assets for which provision have been made as disclosed in Note 5, management evaluates all financial assets are neither past due nor impaired as they related to recognized and creditworthy counterparties, except for the following receivable which are past due but not impaired as at the balance sheet date:

	Total	Neither past due nor impaired				VND
		< 90 days	91–180 days	181–210 days	> 210 days	
<b>Ending balance</b>						
Trade receivables and other receivables	689,601,290,669	607,532,882,888	72,557,277,276	5,237,728,531	2,146,952,959	2,126,449,015
<b>Beginning balance</b>						
Trade receivables and other receivables	740,102,127,651	656,590,089,455	62,279,794,682	7,015,685,863	822,550,677	13,394,006,974
Loans to related parties	35,700,000,000	35,700,000,000	-	-	-	-



NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

25. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (continued)

**Liquidity risk**

The liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligation due to shortage of funds. The Company is exposed to liquidity risk arising primarily from mismatches of maturities of financial assets and liabilities.

The Company monitors its liquidity risk by maintaining a level of cash and cash equivalents and bank loans deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual agreements:

	<i>Less than 1 year</i>	<i>From 1 to 5 years</i>	<i>VND Total</i>
<b>Ending balance</b>			
Loans	(326,230,000,000)	-	(326,230,000,000)
Payable to related parties	(369,038,215,375)	-	(369,038,215,375)
Trade payables	(33,744,772,433)	-	(33,744,772,433)
Other current liabilities	(290,352,240,838)	-	(290,352,240,838)
<b>TOTAL</b>	<b>(1,019,365,228,646)</b>	<b>-</b>	<b>(1,019,365,228,646)</b>
<b>Beginning balance</b>			
Loans	(200,676,363,712)	(118,345,454,432)	(319,021,818,144)
Payable to related parties	(230,536,542,732)	-	(230,536,542,732)
Trade payables	(33,875,697,054)	-	(33,875,697,054)
Other current liabilities	(101,769,472,609)	-	(101,769,472,609)
<b>TOTAL</b>	<b>(566,858,076,107)</b>	<b>(118,345,454,432)</b>	<b>(685,203,530,539)</b>

The Company assessed the concentration of risk with respect to refinancing its loan and concluded it as low. Access to sources of funding is sufficiently available and loan maturing within 12 months can be rolled over with existing lenders.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

## 26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the separate financial statements:

	Carrying amount				Fair value		VND
	Ending balance		Beginning balance		Ending balance	Beginning balance	
	Cost	Provision	Cost	Provision			
<b>Financial assets</b>							
Investment in securities							
Listed shares	4,526,063	(3,257,263)	4,526,063	(3,257,263)	1,268,800	1,268,800	
Fund certificates	8,640,000,000	-	15,000,000,000	-	8,640,000,000	15,000,000,000	
Loans to related parties	-	-	35,700,000,000	-	-	35,700,000,000	
Other short-term investment	708,000,000,000	(8,000,000,000)	8,000,000,000	(8,000,000,000)	700,000,000,000	-	
Trade receivables	61,219,296,658	(3,033,773,213)	98,614,219,740	(1,822,516,493)	58,185,523,445	96,791,703,247	
Receivable from related parties	97,207,345,265	-	445,101,290,832	-	97,207,345,265	445,101,290,832	
Other receivables	534,208,421,959	-	196,386,617,079	-	534,208,421,959	196,386,617,079	
Cash and cash equivalents	2,187,452,484,159	-	1,779,052,664,793	-	2,187,452,484,159	1,779,052,664,793	
<b>TOTAL</b>	<b>3,596,732,074,104</b>	<b>(11,037,030,476)</b>	<b>2,577,859,318,507</b>	<b>(9,825,773,756)</b>	<b>3,585,695,043,628</b>	<b>2,568,033,544,751</b>	
							VND
<b>Financial liabilities</b>							
Loans							
Payables to related parties							
Trade payables							
Accrued expenses and other current liabilities							
<b>TOTAL</b>							

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES** (continued)

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following method and assumption were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- The fair value of loan from banks and other financial liabilities approximate their carrying amounts given the market interest rates born by these financial liabilities.
- Fair value of other financial investments is derived from quoted market prices in active markets, if available.

**27. COMMITMENT**

*Operating lease commitment*

The Company leases its premises under operating lease arrangements. The minimum lease commitment as at the balance sheet dates under the operating lease agreements are as follows:

	VND	
	<i>Ending balance</i>	<i>Beginning balance</i>
Within 1 year	16,095,066,120	37,992,258,360
From 2 to 5 years	64,380,264,480	151,969,033,440
More than 5 years	55,980,926,696	170,030,926,759
<b>TOTAL</b>	<b><u>136,456,257,296</u></b>	<b><u>359,992,218,559</u></b>

*Capital contribution obligation*

As at the balance sheet date, the Company had outstanding capital contribution obligation to a subsidiary amounting to VND 37,500,000,000.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

## 28. SIGNIFICANT EVENTS DURING THE YEAR

### a. *Issuance of ordinary shares to the strategic shareholders*

In accordance with the 2013 Extraordinary General Meeting ("EGM") Resolution dated 4 November 2013, the Company's shareholders approved the issuance of 40,000,000 new shares for the potential strategic investors.

On 21 May 2014, the Company issued 40,000,000 new shares at the price per share of 44,000 VND to the strategic investors as listed in the 2014 Annual General Meeting ("AGM") Resolution dated 30 June 2014.

On 27 May 2014, the Company submitted the Report of Distribution Result to the State Security Committee and issued the shareholder certificate for these strategic investors.

### b. *Acquisition of shares of Vocarimex*

On 25 July 2014, the Company acquired 24% equity interests of Vocarimex amounting to VND 421,505,599,984. Accordingly, Vocarimex becomes an associate of the Company.

In accordance with the EGM Resolution dated 1 December 2014, the Company's shareholders approved a plan to increase the Company's ownership rate in Vocarimex up to more than 51% to secure the control over the Vocarimex's operations for long-term investment objectives. As at the date of these separate financial statements, the Company is in the process of completing this plan.

### c. *Restructuring plan*

In accordance with the 2014 AGM Resolution dated 30 June 2014, the Company's shareholders approved a restructuring plan for the purpose of separating the Company's confectionery segment out of other business activities to achieve higher efficiency.

On 15 October 2014, the Company transferred its entire investments in NKD to KDBD at the total price of VND 694,175,525,000, which is also the carrying value of the investment in NKD, in exchange for the increase in the Company's investments in KDBD by the same amount. This transfer is part of the said restructuring plan.

### d. *Transferring the confectionery segment*

In accordance with the EGM Resolution dated 1 December 2014, the Company's shareholders approved a plan to transfer 80% equity interests in KDBD to Mondelez International, an enterprise incorporated overseas, or its assigned subsidiary, Cadbury Enterprises Pte. Ltd., together with an option to purchase the remaining 20%, after the Company completed the restructuring plans as approved by the shareholders in the 2014 AGM Resolution dated 30 June 2014.

### e. *The repurchase of treasury shares*

Also, in accordance with the EGM Resolution dated 1 December 2014, the Company's shareholders approved a plan to repurchase treasury shares up to 30% of the Company's issued ordinary shares for the purpose of decreasing the number of existing shares being circulated.


NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)  
as at and for the year ended 31 December 2014

**29. EVENTS AFTER THE BALANCE SHEET DATE**

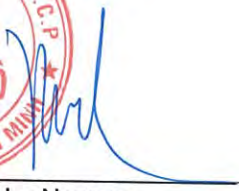
Except for the events as disclosed at Notes 10 and 17, there have been no other significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the separate financial statements.



Tran Minh Nguyet  
Preparer



Nguyen Thi Oanh  
Chief Accountant



Tran Le Nguyen  
General Director

26 March 2015